

Message Text

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44

ACTION EUR-25

INFO OCT-01 ISO-00 EURE-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 DRC-01 /103 W

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P 141712Z MAR 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 8721

UNCLAS LONDON 03262

E.O. 11652: N/A

TAGS: EFIN, UK

SUBJECT: FOREIGN AND U.S. INVESTMENT IN THE U.K.

REF: A) FLOYD/SMITH - MARCH 13 TELEPHONE CONVERSATION

B) LONDON A-467, 4/2/73

C) LONDON A-1257, 8/11/71

D) LONDON A-252, 2/14/73

E) LONDON A-1438, 12/10/73

F) LONDON A-1394, 11/27/73

1) IN RESPONSE TO QUERIES RAISED IN REFERENCE A, FOLLOWING INFORMATION (LATEST AVAILABLE) WAS OBTAINED FROM

D.T.I.:

A) TOTAL FOREIGN DIRECT INVESTMENT, 12/31/71, IN U.K.:

3,817 MILLION POUNDS.

B) TOTAL U.S. DIRECT INVESTMENT IN U.K.: 2448 MILLION

POUNDS.

ABOVE STATISTICS DO NOT INCLUDE INVESTMENTS IN PETROLEUM, INSURANCE AND BANKING WHICH AT END OF 1971 TOTALLED 1600 MILLION POUNDS.

2) DEFINITIVE DATA REGARDING U.S. DIRECT INVESTMENT IN THE U.K. AS A PERCENT OF TOTAL U.K. INVESTMENT IS NOT AVAILABLE. A RECENT AUTHORITATIVE STUDY (SEE REFERENCE D - "UNITED STATES INDUSTRY IN BRITAIN" - FINANCIAL UNCLASSIFIED

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TIMES STUDY - JANUARY 1973) NOTES THAT CUMULATIVE DIRECT

U.S. INVESTMENT IN U.K. WENT FROM 847 MILLION DOLLARS AT END OF 1950 TO 3194 MILLION DOLLARS AT END OF 1960 AND 8015 MILLION DOLLARS AT END OF 1970. OVER SAME PERIOD, U.K.'S GNP ROSE FROM 11.7 BILLION POUNDS, TO 22.8 BILLION AND THEN ON TO 42.8 BILLION POUNDS. THIS REFLECTS AN AVERAGE INCREASE OF U S DIRECT INVESTMENT OF 12 PERCENT PER ANNUM WHICH IS NEARLY TWICE THE GNP GROWTH RATE FOR THE SAME PERIOD.

3) SAME SOURCE INDICATES FOLLOWING DATA FOR SELECTED YEARS:

1950 1957 1960 1970

A) US CUMULATIVE INVEST- 2.6 3.6 5.1 7.8
MENT AS PERCENT OF UK GNP

B) ANNUAL GROWTH IN US N/A 16.7 27.2 16.3
INVESTMENTS AS PERCENT OF
NET FIXED CAPITAL FORMA-
TION OF UK COMPANIES

4) REFERENCES B, C, D, E, & F DEAL WITH VARIOUS ASPECTS OF FOREIGN AND U.S. INVESTMENT IN THE U.K.

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GNP, FOREIGN INVESTMENTS, INVESTMENT DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 14 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LONDON03262
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740344/aaaaboyj.tel
Line Count: 85
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: A) FLOYD/SMITH - MARCH 13 TELEPHONE, CONVERSATION
Review Action: RELEASED, APPROVED
Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
Review Date: 28 FEB 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 FEB 2002 by hagers>; APPROVED <10 DEC 2002 by shawdg>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FOREIGN AND U.S. INVESTMENT IN THE U.K.
TAGS: EFIN, UK, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005